

Soviet Hitch in Arms Pact Seen Moscow's New Interpretation On Pershing-1A Startles U.S.

By Michael R. Gordon
New York Times Service

WASHINGTON — Soviet arms negotiators in Geneva have surprised the American side by agreeing to back away from a key compromise on a proposed treaty to ban medium- and shorter-range nuclear missiles, according to U.S. officials.

The officials said Thursday that the Soviet negotiators proposed earlier this week that Moscow be allowed to maintain some of its shorter-range missiles until West Germany eliminates 72 Pershing-1A rockets. Bonn has said it will eliminate the missiles, whose warheads are controlled by the United States, by the time the U.S. and Soviet ones are eliminated.

2 Allies Fear Bonn Will Yield On Battlefield Nuclear Arms

By James M. Markham
New York Times Service

PARIS — France and Britain are increasingly concerned that a Soviet-U.S. treaty eliminating medium- and shorter-range nuclear missiles might lead West Germany to agree to the abolition of battlefield nuclear weapons under NATO command, according to U.S. officials in various capitals.

With a missile accord in the final stage of negotiations, French and British officials foresee a scenario in which a subsequent U.S.-Soviet breakthrough on strategic weapons would be followed by a Soviet proposal to eliminate the battlefield, or tactical, systems.

The medium- and shorter-range missiles, known as intermediate nuclear forces, have ranges of from 30 to 3,400 miles (500 to 5,500 kilometers); the tactical weapons have ranges of less than 300 miles.

Without the tactical weapons, Western alliance would be faced with the choice of responding either with strategic nuclear forces, based in the United States or at bases; by relatively vulnerable bombers based in Europe; or by conventional forces.

Since the Soviet Union achieved strategic parity with the United States, NATO planners have expressed fear of a conventional war in Europe in which the Soviet Union would hold the United States at bay while intimidating the free Europeans with their over-

whelming superiority in conventional forces.

As the bulk of the battlefield systems are planned for use only on German soil, Chancellor Helmut Kohl has made it clear that he wants to initiate negotiations for their reduction.

But given the overwhelming Soviet superiority in these tactical weapons, the French and British

Prime Minister Margaret Thatcher gives the green light for her third term. Page 8.

fear that the West Germans would be sorely tempted to accept a dramatic Soviet proposal for their abolition.

The United States has basically sided with the British and the French, but U.S. officials have expressed understanding for West Germany's profound fear of being "singularized" as the principal target of nuclear battlefield in Western Europe.

The British and particularly the French have become wary of the White House's enthusiasm for sweeping arms accords, and officials say they wonder about the views of the next American administration.

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the proposed treaty. The United States refused because it did not want to establish a precedent for including in arms agreements the weapons of its allies.

Under the compromise, the United States assured the Soviets, outside the formal treaty, that the U.S. warheads on Bonn's missiles would be dismantled after Bonn decided to eliminate them. As a matter of principle, the United States offered no formal assurances on what would happen to the missiles, but West Germany had said it would eventually dismantle them.

In calling that compromise into question, Soviet negotiators are said to have insisted this week that Moscow be allowed to maintain a similar number of shorter-range missiles until the Pershing-1As are eliminated. The new Soviet position is said to have been presented by Vladimir I. Medvedev, the chief Soviet negotiator on medium-range missiles.

The chief U.S. negotiator, Marvin W. Giltman, rejected this demand and proposed that the Soviet negotiators consult Moscow on what was agreed in Washington, U.S. officials say. The officials said Thursday that Mr. Giltman had been instructed to rebuff firmly the Soviet demand and add that they expected Moscow to back down.

Mr. Shultz goes to Moscow Oct. 22 to try to conclude the treaty and discuss the next steps in the arms control process. Later this year, Mikhail S. Gorbachev, the Soviet leader, is expected to visit the United States for a meeting to sign the treaty.

U.S. officials said Thursday they were not certain why the Soviet negotiators had put forth a contentious position on the Pershing-1As, when both sides seemed ready to move to a U.S.-Soviet summit meeting.

Some officials said the Soviet move might be a tactic designed to win concessions from the United States on verification and other issues.

Another view is that the Soviet officials may be seeking an iron-clad assurance, in the treaty itself, that the West German missiles will be eliminated by the time the U.S. and Soviet missiles are gone. But West German officials said Thursday that Bonn had informed the Soviet Union that it planned to dismantle its missiles and that it had stated so publicly.

A third view is that the Soviet negotiators may have raised the matter to maintain public pressure on Bonn. "They just want to ping the Germans once more," one official speculated. Yet another possibility, which U.S. officials generally rule out, is that the Soviet

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Report of New Tax Hits German Stocks, Bonds

By Robert E. Trainor
New York Times Service

BONN — The Deutsche mark weakened and prices of West German stocks and bonds fell sharply Friday after the government reportedly agreed to introduce a 10 percent withholding tax on investment earnings.

The levy, which would be used to finance tax changes, would be imposed at the source on all investments except life insurance, according to sources in Chancellor Helmut Kohl's governing coalition. Life insurance would be taxed at a lower rate.

In Frankfurt, some stock dealers said they feared that the tax would induce foreigners to sell their entire portfolios denominated in marks.

The Federal Association of West German banks said in a statement that the tax would lead to a depressive reaction of private investors, including a capital flight abroad.

Foreign exchange dealers in Frankfurt said the reported tax decision had led to a significant outflow of marks into the Swiss franc and the yen.

In London, trading in instruments denominated in marks was sharply curtailed.

Nigel Hugh-Smith, a securities analyst with London broker Hoare Govett, said of the planned withholding tax, "It seems a very retrogressive move at a time when most continental countries are liberalizing and deregulating their markets."

The tax was reportedly agreed on by the coalition during discussions on Thursday on financing tax reforms.

The coalition, led by Mr. Kohl's Christian Democratic Union, was to meet again on Saturday to finalize details.

Taxes are scheduled to be cut by 39 billion DM (around \$21 billion) in 1990 in order to boost consumer spending and business activity and revive the economy, Europe's biggest. The United States has been urging West Germany to stimulate its economy to encourage demand for U.S. exports and help reduce the big U.S. trade deficit.

Under current West German laws, investors must declare dividend and interest earnings in their yearly tax returns. But the government reportedly wants to tighten this procedure because it results in a significant loss of revenue.

The coalition sources said that banks and other financial institu-

tions would be responsible for deducting the withholding tax from their clients' earnings and transferring it to the authorities.

Under current laws, share dividends are taxed at 25 percent. Bonds and interest payments on savings are subject to individual tax assessments made by the tax authorities.

The new tax could raise as much as INVEST, Page 13

See INVEST, Page 13

VIENNA — After only 18 months as the U.S. ambassador to Austria, Ronald S. Lauder is packing his bags and his art collection and returning to New York.

The tenure of Mr. Lauder, a former executive of the Estee Lauder cosmetics company and the son of Estee Lauder, began shortly before Kurt Waldheim was elected president the first storm in the traditionally smooth course of postwar Austrian-American relations.

"If somebody sat down at a computer to find the worst possible time to be American ambassador here, it is now," said Mr. Lauder, 43, in an interview.

"I came in just at the time that the first article about Kurt Waldheim appeared, and the fact that I was Jewish and that I came from New York played a major role."

Some Austrians have said that the revelations about Mr. Waldheim's activities as a German Army lieutenant in World War II represented an effort by New York Jews to prevent his election in June 1986.

Much of Mr. Lauder's unhappy tenure has been reflected in the Austrian press.

"The press has been like a roller-coaster," Mr. Lauder said. He was greeted at first by friendly articles which recalled donations he had made to Austrian cultural life. "But from the day they heard I wouldn't go to Waldheim's inauguration, there appeared some of the most vicious articles."

The boycott decision was



A Tibetan Buddhist along a prayer route in the center of Lhasa, the Tibetan capital. (AP Wirephoto)

Chinese Crackdown Ends Tibet Protests

By Daniel Sotherland
Washington Post Service

LHASA, Tibet — The Chinese police, their grip on the Tibetan capital apparently secure, lifted a roadblock Friday in front of one of the Buddhist monasteries that led an anti-Chinese demonstration here.

U.S. officials said Thursday they were not certain why the Soviet negotiators had put forth a contentious position on the Pershing-1As, when both sides seemed ready to move to a U.S.-Soviet summit meeting.

Some officials said the Soviet move might be a tactic designed to win concessions from the United States on verification and other issues.

Another view is that the Soviet negotiators may have raised the matter to maintain public pressure on Bonn. "They just want to ping the Germans once more," one official speculated. Yet another possibility, which U.S. officials generally rule out, is that the Soviet

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force throughout the city, apparently hoping to intimidate would-be demonstrators. Vans with loudspeakers warned the city's 60,000 residents that no further protests would be tolerated. The police have taken up residence in Lhasa's three major monasteries.

Chinese authorities ordered Friday that all individual foreign travelers in Tibet leave within 48 hours. Officials at the local Foreign Affairs Bureau, which handles visits by foreign journalists, told reporters they were violating Chinese law by reporting on disturbances in Lhasa.

Managers at the Lhasa Hotel, a main tourist stop, said the government told them that foreign travelers not in tour groups should leave Tibet by Oct. 16 and asked the hotel to compile a list of any that were still registered on that day.

The Chinese authorities also enforced a ban on all foreign journalists to leave Tibet within 48 hours. Officials at the local Foreign Affairs Bureau, which handles visits by foreign journalists, told reporters they were violating Chinese law by reporting on disturbances in Lhasa.

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India, U.S. Agree on Purchase Of Computer

By Steven R. Weisman
New York Times Service

NEW DELHI — India has reached an agreement in principle with the United States to buy a highly sophisticated American-made supercomputer after New Delhi backed away from its demand for a more powerful machine.

U.S. and Indian officials said Thursday that India had agreed to accept Washington's safeguards and curbs on the supercomputer's use.

"We have agreed in principle to a commercial sale," an Indian official said. "Now the terms of the sale need to be worked out. But we have decided that this computer fits the bill."

The agreement marks the most significant step in the growing cooperation between the two nations on the transfer of U.S. high technology since they began talks in 1983. India has said it wants the computer for research into weather patterns, particularly the development of the annual monsoon rains.

In a related development, U.S. and Indian officials said the nations were close to an agreement by which the United States would transfer avionics and air navigation technology to India to assist New Delhi in building its own jet fighter.

Such a transfer would mark a major advance in military cooperation with India, which increasingly has been turning to the West for military hardware and technology in recent years. Previously, most of India's overseas weapons purchases came from the Soviet Union.

The supercomputer to be purchased, for about \$20 million, is known as a single-processor XMP-14 computer made by Cray Research Inc. of Minneapolis. A final stumbling block in the negotiations was resolved when India agreed to buy the XMP-14, dropping its insistence on the more advanced double-processor XMP-24 computer, which Washington had refused to approve.

Prime Minister Rajiv Gandhi is expected to formalize the deal during his visit to the United States next month.

The chief U.S. concern that has delayed the sale has been the Pentagon's concern that the deal could jeopardize U.S. national security.

Some Defense Department officials feared India might use the computer to develop nuclear weapons.

In 1974, Indian exploded what it called a "peaceful nuclear device," and many experts have speculated that India might be stockpiling weapons-grade nuclear fuel.

But a more widespread concern was that India might allow the computer to get into the hands of people friendly to the Soviet Union, who could use it to decode U.S. military communications.

Heart Transplant Record Set

Agence France-Presse
LONDON — A British heart surgeon, Magdi Yacoub, carried out his 500th heart transplant operation Thursday, setting a world record for such operations.



Two died Friday in a blast at a union office in Colombo.

Indians and Tamils Fight First Battles As Troops Raid Camps, Arrest Rebels

Compiled by Our Staff From Dispatches

NEW DELHI — Indian peacekeeping troops fought gunbattles Friday for the first time with Tamil militants in Sri Lanka, raiding their camps to seize arms and arresting 98 militants, the Indian government said.

The troops swept through the island's north and east to reimpose a cease-fire in Sri Lanka's ethnic warfare after the killing of 188 people by members of the main Tamil rebel group, the Liberation Tigers of Tamil Eelam, a spokesman said in New Delhi.

"In the course of the operations, the Indian peacekeeping force was fired on and returned the fire," he said.

The troops were reported Thursday to have arrested an additional 50 Tamil rebels, but Friday's sweep was the first time fighting between the rebels and Indians was reported.

Meanwhile, two persons were killed and six injured Friday when a bomb exploded at the office of a government-backed labor union in Colombo, the Sri Lankan capital.

Responsibility for the bombing was claimed by a Sinhalese group, the People's Patriotic Movement, which previously claimed responsibility for killing two persons in a gun and grenade attack at Parliament on Aug. 18. Since then, 30 members of the country's governing United National Party have been shot to death.

(Reuters, AP)

Clare Boothe Luce, Playwright, Legislator, Diplomat, Dies

By Albin Krebs
New York Times Service

NEW YORK — Clare Boothe Luce, 84, who had a varied career as magazine editor, playwright, congresswoman and diplomat, died Friday of cancer.

She was also known as the sharp-tongued wife of Henry R. Luce, publisher of Time and Fortune magazines, who died in 1967.

She had won fame on her own in the 1930s as a magazine writer and editor, author of "The Women" and other hit plays, a controversial Republican congresswoman and under Eisenhower, as ambassador to Italy in the 1950s.

She had enough careers to satisfy the ambitions of several women, but none tied her down for long. She was often on lists of the world's 10 most admired women, but her glamorous existence and tart tongue drew criticism — sometimes from her husband.

Clare Boothe was born in New York City, the daughter of William Franklin Boothe, a violinist and

sometime businessman, and the former Anna Clara Snyder, who had been a chorus girl.

Her parents separated when Clare was 3. She was brought up in genteel poverty by her mother, who still managed to take her to France for a year and send her to exclusive schools in New York.

She married George Tuttle Broak, a millionaire, in a wedding called "the most important social event of the season" of 1923. But, after six years of marriage, she won a divorce on the ground of mental cruelty and was awarded \$425,000.

She asked a society friend, Condé Nast, publisher of Vogue and Vanity Fair, for a job and did a stint writing photo captions for Vogue. Vanity Fair's editor, Frank Crowninshield, hired her after demanding that she draw up a list of 100 ideas. She rose quickly to assistant editor and wrote satirical pieces about society that were later collected in a book, "Stuffed Shirts."

Her first produced play, "Abide With Me," in 1935, was unanimously deemed a disaster. Several critics commented on how quickly she responded to almost indiscriminate critics of "author." She never went to another opening night.

Two days after the opening, the author became Luce's wife. The two had struck sparks on their first meeting, when they were seated to eat at a dinner party and Luce ignored her.

But after their next meeting, he said, "You are the great love of my life, and some day I'm going to marry you." The marriage lasted, although there were rumored difficulties — perhaps inevitable for two such strong personalities.

Mrs. Luce returned to writing plays and with "The Women," in 1936 recovered admirably from her maiden flop. It earned her \$2 million.

In 1938, Mrs. Luce was represented by "Kiss the Boys Goodbye," a satire on the hoopla surrounding the search for the feminine lead in "Gone With the

Wind." It was a success, as was her next play, "Margin for Error," which purveyed a modish anti-Nazism.

With World War II, Mrs. Luce sought to involve herself on a larger stage. In February 1940, she sailed for a Europe at war as a correspondent for Life. One result was a book, "Europe in the Spring." Dorothy Parker called it "All Clare on the Western Front."

In 1943 Mrs. Luce decided to run for the House of Representatives from Fairfield County, Connecticut.

She was by now a Republican and made speeches critical of Roosevelt's handling of the war effort. She defeated a Democratic incumbent by 7,000 votes. She won re-election in 1946.

Mrs. Luce did not seek re-election in 1946, but she remained politically active in addition to writing a column for McCall's, and in 1952 she campaigned for Eisenhower.

She offered her post of secre-

tary of labor, but she demurred. He then named her ambassador to Italy, stirring controversy because Mrs. Luce was a prominent convert to Catholicism, lacked diplomatic experience and was a woman.

She helped lay the groundwork for a conference that worked out a compromise on Trieste, a dispute that threatened war between Yugoslavia and Italy.

She made strongly anti-Communist speeches and warned of cutoffs of American aid to Italian industry because of communism.

After Luce's death, Mrs. Luce

lived in Phoenix, Hawaii and Washington.

A biographer, Alden Hatch, summed her up this way: "Brilliant, yet often foolish; idealistic, yet realistic to the verge of cynicism; tough as a marine sergeant, but almost quixotically kind to unfortunate; with the mind and courage of a man and exceedingly feminine instincts; the complexities of her character are as numerous as the facets of her career."

Tsatsos, Ex-Greek President, Dies

The Associated Press

ATHENS — Former President Constantine Tsatsos, 88, a philosopher who served as the Greek head of state from 1975-80, died Thursday.

Mr. Tsatsos retired from public life after resigning the presidency in 1980, but he remained active as a scholar.

He published more than 20 books on philosophy, history and law, along with translations from ancient Greek writers.

Mr. Tsatsos combined academic life with politics for much of his life and held several cabinet appointments in liberal Greek governments in the 1950s and 1960s. He was also a law professor.

He became head of state following the collapse of the 1967-74 military dictatorship. He was nominated by Prime Minister Constantine Caramanlis after a December 1974 referendum abolished the Greek monarchy.

He was succeeded as president by M. Caramanlis in 1980.

Yoshihiro Inayama, Rebuilt Japanese Steel Industry

TOKYO (AP) — Yoshihiro Inayama, 83, who rebuilt Japan's

steel industry from the rubble of World War II, died Friday of lung cancer.

Mr. Inayama was the driving force in the formation of Nippon Steel Co., the world's largest steel company, and also served as chairman of the powerful Japan Federation of Economic Organizations.

A native of Tokyo, he joined the Yawata Iron and Steel Co. on Kyushu Island in 1928 after graduating from Tokyo Imperial University.

Joseph B. Flavin, Transformed Singer Co.

MONTVALE, New Jersey (AP) — Joseph B. Flavin, 58, who helped transform the Singer Co. from a sewing-machine manufacturer into a leading aerospace and electronics concern died Wednesday.

Mr. Flavin was chairman and

chief executive of the company. Under him, Singer concentrated on aerospace electronics, which accounts for more than 80 percent of the company's revenue. In 1980, Singer shut its last U.S. sewing-machine plant, in Elizabeth, New Jersey.

■ Other deaths:

Cedric Phamai, 75, who steadfastly rejected South African attempts to make his tribal homeland of Lesotho an independent nation, Wednesday.

Sarkis Tazian, 87, a broadcast pioneer who owned television and radio stations. Wednesday, heart failure in Bloomington, Indiana.

Jean Vincent, 60, Agence France-Presse's specialist in Asian affairs, who covered Vietnam, China and many other countries, Tuesday in Paris.

By Claire Robertson
Washington Post Service

WASHINGTON — Congressional foreign policy leaders have demanded that President Ronald Reagan "apply the law" and impose further sanctions against South Africa as a means of curbing apartheid.

In a report last week, Mr. Reagan said a year of the economic sanctions ordered by Congress in 1986 had not helped bring an end to apartheid. He said he favored a return to "a period of active and creative diplomacy."

Mr. Reagan's report was criti-

cized by legislators at a Capitol Hill news conference Thursday as an attempt to reinvoke the administration's seven-year policy of constructive engagement. Under this policy, the United States has sought to exert quiet pressure on South Africa.

Representative Howard E. Wolpe, Democrat of Michigan and chairman of the House Foreign Affairs Committee's subcommittee on Africa, said "the law provides for President Reagan to abandon

sanctions legislation as too mild, saying only a third of imports from South Africa and virtually no exports from the United States were affected.

Senator Edward M. Kennedy, Democrat of Massachusetts, said the sanctions legislation already enacted had restored the good standing of the United States in the rest of Africa.

"Increased repression inside

South Africa over the past year is ample evidence that Congress did the right thing in distancing the United States from that regime," Mr. Kennedy said. "President Reagan should be making a greater effort to persuade our friends and allies to join us in new initiatives against apartheid."

President Kenneth Kaunda of Zambia, chairman of the Organization of African Unity and leader of the Southern African Frontline

WORLD BRIEFS

Aquino Names Foreign Secretary

MANILA (AP) — President Corazon C. Aquino on Friday nominated Senator Raul Manglapus, a veteran legislator and critic of the U.S. military role in the Philippines, as foreign secretary to replace Vice President Salvador H. Laurel, who resigned as foreign secretary last month because of differences with Mrs. Aquino.

The U.S. ambassador, Nicholas Platt, reaffirmed support for the Aquino government and dismissed press reports that a renegade army officer, Lieutenant Colonel Reynaldo Cabanatuan, descended on Manila at Clark Air Base, a U.S. base north of Manila.

Atorito Salonga, president of the Senate, said the government might have to invoke emergency powers if rightists kept trying to overthrow Mrs. Aquino. Mr. Salonga said that while the government did not believe the security situation was serious enough to require emergency powers, such measures might be needed "if there are more threats to the administration."

Soviet Releases Detailed Crime Data

MOSCOW (Reuters) — Soviet authorities published detailed crime figures Friday for the first time and said they showed a decline in murder and other violent crimes but a rise in alcohol- and drug-related offenses.

Tass, citing a Justice Ministry report, gave no detailed data on how crime rates had changed nationwide. But the statistics showed that in the first six months of 1986, 4,682 people were convicted of premeditated murder and 50,008 of "all types of hooliganism."

The official press agency gave no countrywide figures on drug-related offenses, but said that in Uzbekistan 1,473 people were convicted in the first half of the year, 62 percent more than in the first half of 1986. It said the rate also had risen in Moldavia and Latvia. Tass said convictions for illegal home-distilling were up 39 percent.

In Loch Ness, a 'Very Large Lump'

DRUMNADROCHIT, Scotland (AP) — A motorboat flotilla moved down Loch Ness on Friday in the hunt for the monster Nessie and reported several contacts with unidentified objects.

At least two large sonar contacts were reported in the middle of the loch's 754-foot (230-meter) waters, one at a depth of 244 feet, and several others at the bottom, including a "very large lump."

Excited by the object recorded at 244 feet, Tony Harwood, director of the Loch Ness Center, said: "If we have a monster, it would register like this." The sonar contact, he said, "must have been strong to register as it did."

Zimbabwe Names White Candidates

HARARE, Zimbabwe (Reuters) — The ZANU Party of Prime Minister Robert Mugabe has included 15 whites on its list of candidates for special parliamentary elections, only a few weeks after the government abolished seats reserved for the white minority.

Nathan Shamuyarira, the party's information secretary, released Thursday a list of 29 candidates for separate elections to the House of Assembly and the Senate this month. One candidate has yet to be named. Mr. Shamuyarira said ZANU was recognizing the role that independent white members of Parliament played in fighting for a nonwhite society.

A former agriculture minister, Denis Norman, who was dropped from the cabinet by Mr. Mugabe in 1985, is among the white candidates, as is Public Service Minister Chris Andersen. The government amended the constitution last month to drop 20 seats reserved for whites in the House and 10 in the Senate.

For the Record

The leader of Fiji's military coup, Colonel Sitiveni Rabuka, announced Friday at the first meeting of the Council of Ministers he appointed elections, which were to have been held by the end of the year, would be delayed for a year. He gave no reason for the delay.

Governor Bob Martinez of Florida signed a law Friday making it illegal to carry weapons openly in the state. The law plugged a legal loophole that allowed people to go anywhere they wished with pistols strapped to their hips.

TRAVEL UPDATE

A 24-hour strike by ground staff at Italian airports forced the cancellation or delay Friday of many flights to and from Italy, airline and union officials said. Alitalia, Italy's national airline, said it could operate only about 18 percent of its flights.

Trans World Airlines has paid a \$252,000 fine for violations of federal aviation regulations, discovered during routine inspections last year of the airline's maintenance, engineering and flight activities, the Federal Aviation Administration said Friday.



TRANSPORTATION NOMINEE — President Ronald Reagan announcing that he had nominated James H. Burnley IV, right, as secretary of transportation. Mr. Burnley, deputy secretary under Elizabeth H. Dole, has been acting secretary since Mrs. Dole resigned Oct. 1.

U.S. Legislators Urge Tougher Pretoria Sanctions

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The Investment Guaranteed Commodity Fund



From Rudolf Wolff

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The Investment Guaranteed Commodity Fund has been launched to enable investors to benefit from the profits for which the Commodity markets are well known.

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And to produce substantial profits.

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Rudolf Wolff totally guarantees the entire sum invested against any form of loss.

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Rudolf Wolff is a subsidiary of Noranda Inc. of Canada – one of the world's largest energy and resource companies with global assets in excess of 2.5 billion Canadian dollars.

The Commodity Markets as an Investment.

Surprisingly, few investors realise that the Commodity markets have grown dynamically over the past decade or two.

Or that turnover on the various exchanges now exceeds that of the world's stock markets *combined*.

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Fortunately, the world's Commodity markets are an exception to this rule.

Equally substantial profits can be made in a *falling* market as well as a *rising* one.

The only drawback has been that the many advantages of Commodity investment have always been accompanied by a very high degree of risk.

By investing in The Investment Guaranteed Commodity Fund, that risk of loss has now been totally eliminated.

How Well Will The Fund Perform?

It is, of course, impossible to predict the precise level of growth investors may expect from the Fund.

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This represents an increase of over 130% in just 22 months.

Even taking our traditionally conservative view of *future* growth, Rudolf Wolff believes that a return of at least 30% per annum is fully realisable from the Fund.

For an investment which is totally guaranteed against all forms of loss, this represents a substantial growth.

The final results could well be substantially higher, depending on trading conditions in the markets.

Where Will The Fund Invest?

The Fund is free to seek profit from all of the six key areas of Commodity investment on each of the world's leading exchanges.

These range from investing in Precious Metals such as Gold, Silver and Platinum to other metals such as Copper and Aluminium.

In the full range of Agricultural Commodities from Wheat to Coffee, Sugar to Live Cattle.

In Currencies, ranging from Eurodollars, Deutschemarks, Sterling and Swiss Francs to US Dollars and Japanese Yen.

Stock Indices, Interest Rate Futures and investments in Oil and Gas Products complete the list.

Should one market run out of steam, the Fund will be able to respond by moving into more profitable sectors where the potential is clearly seen to be highest.

In this way, constant opportunities for profit can be taken.

How Will The Fund be Managed?

The quality of investment management skill is crucial to the success of any investment.

Rudolf Wolff's team of experienced Investment Managers have been selected on the basis of their fully-documented track records for producing profits well above average.

It is their collective responsibility to monitor the world's markets. And to put their proven market skills to work, making all trading decisions on the Fund's behalf.

With such expertise working for the investor, the individual needs no specialist skills or knowledge of the market.

All trading decisions can safely be delegated to the team of qualified professionals.

Quarterly Reports will be issued to all investors giving regularly updated valuations of their holdings in the Fund.

The Minimum Investment.

The Investment Guaranteed Commodity Fund is a Sterling Fund and the minimum investment is £10,000.

There is no upper limit to the sum you may invest. You will be allocated £100 units in the Fund to the full value of the sum invested.

On encashment, payment will be made to you in Sterling.

The Minimum Investment Period.

The minimum investment period is four years. This period gives the Investment Managers optimum scope for producing maximum profits and ample opportunity to ride out any periods of flat or adverse trading to your advantage.

All profits from the Fund are automatically reinvested throughout the four year term.

This creates important opportunities for enhanced profits as the compounding effects of reinvestment begin to show through, particularly in the latter stages of the investment period.

You can, if you wish, maintain your holding after the expiry of the four year term and take monthly profits from the Fund with the knowledge that the Guarantee will continue to protect your original investment against all risk.

Taxation.

No UK tax is deducted during the investment period or on encashment.

In the Event of Death.

Should the investor die before the minimum period of investment has elapsed, the investor's holdings in the Fund can be bequeathed as an inheritable asset or encashed.

In the case of encashment, the entire original investment will be

repaid in full along with all profits accrued at the time of encashment.

Early Surrender.

Provision is made for early surrender before the end of the four year term.

However, there are penalties for early withdrawal as the Fund's investment strategy and the provision of the Guarantee is based on investment for the full four year term.

For this reason, you should only consider investing in the Fund if you can reasonably foresee being able to invest for the full four year term.

Management Fees.

While a fee of 5% of the initial sum invested will be deducted at the outset in order to cover administration costs, 100% of the sum invested will be returned to you on completion of the four year term plus all profits accrued.

The Fund will bear the normal transaction costs and no other charges will be levied except a performance-related fee due to the individual Investment Managers.

Rudolf Wolff believes that such performance-related fees are in the best interests of the Fund and the individual investor as they help to ensure that the highest level of investment management expertise is employed.

Such fees are also an added incentive for the Managers to produce maximum profit.

Your Next Step.

For application forms and full details of The Investment Guaranteed Commodity Fund, please write or telephone:

Rudolf Wolff AG, Stadelhofer-Passage, Stadelhoferstrasse 18, 8024 Zurich, Switzerland. Telephone: 251 8030. Telex: 815295.

Solicitors to Rudolf Wolff.

Simmons & Simmons, 14 Dominion Street, London EC3M 2RJ, England.

Auditors to Rudolf Wolff.

Arthur Young, Rolls House, 7 Rolls Building, Fetter Lane, London EC4A 1NH, England.

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To: Rudolf Wolff AG, Stadelhofer-Passage, Stadelhoferstrasse 18, 8024 Zurich, Switzerland. Telephone: (41) 241 8030. Telex: 815292.

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AMERICAN TOPICS

U.S. Agency and Judge In Censorship Dispute

The U.S. Information Agency has appealed a federal judge's ruling that its practice of reviewing educational films before certifying them for duty-free export is unconstitutional. Meanwhile, the agency has stopped reviewing films. The Washington Post reports that over the past year a backlog of 932 films has accumulated, unscreened, uncertified and thus ineligible for duty-free export to the dismay of the \$1 billion-a-year educational film industry.

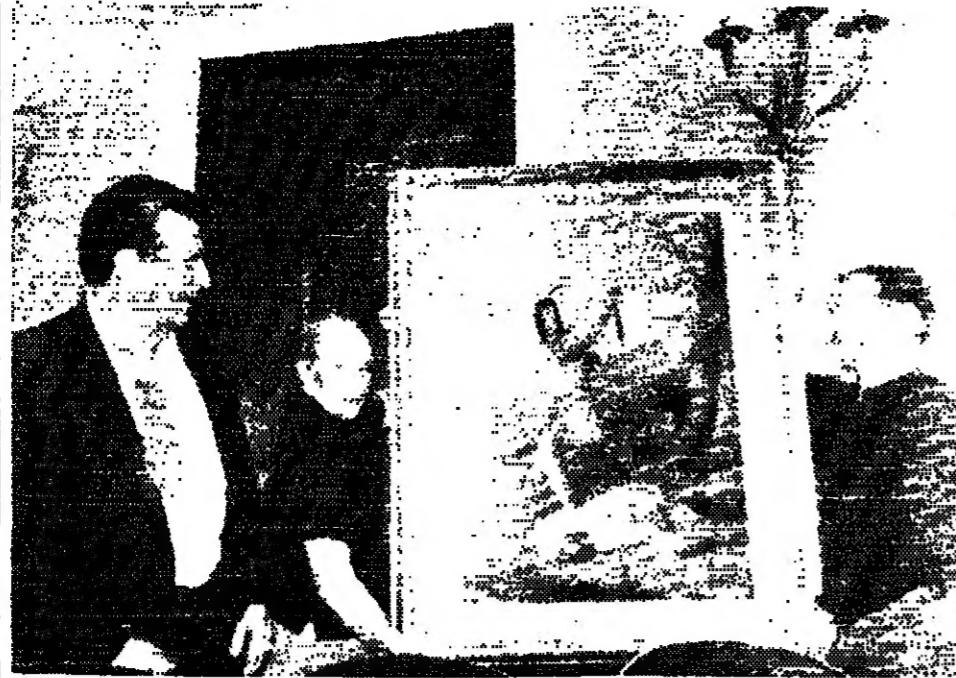
Agency regulations are based on a 1948 agreement, signed in Beirut, under which 72 countries exchange educational films. The regulations say no film can be certified if it is found to be biased, inaccurate, commercial or an entertainment film. It can still be exported, but not duty-free.

Judge A. Wallace Tashima ruled in U.S. District Court in Los Angeles that "treaty obligations to certify what is 'educational' may not, consistent with the Constitution, place USIA in the position of censor."

Last month, Judge Tashima directed the agency to publish new regulations by Nov. 17 or issue film certificates without them.

Short Takes

Bob Dole says he has no intention of giving up his post as Senate minority leader while campaigning for president. The Kansas Republican, who was re-elected last year to a six-year term, was quoted by U.S. News & World



ONE LESS SCALPING ON CAPITOL HILL — Workmen remove an 1868 painting from the House of Representatives Interior Committee room in Washington, requested by Representative Ben Nighthorse Campbell, left, Democrat of Colorado, an Indian. He found the depiction of an Indian holding up a white man's scalp offensive.

Report as telling friends that he feared "becoming a couch potato" if he gave up the minority leadership and then lost the presidential race.

The Statue of Liberty is part of New York state even though it is on the New Jersey side of New York Bay, the U.S. Supreme Court has ruled. The court rejected a suit by two New Jerseyites. It made no comment, but courts in the past have ruled that the statue belongs to New York because of an 1833 compact in which New Jersey ceded to New York the island on which the statue stands.

A state lottery is a "public subsidy of intelligence," W.V. Quine, a Harvard emeritus professor of philosophy, writes in "Quiddities: An Intermittently Philosophical Dictionary" (Harvard University Press, \$20). The lottery, he explains, "yields public income that is calculated to lighten the tax burden of us prudent abstainers at the expense of wishful thinkers."

In Boy's Plan, Cycling Turns Television On

"I am a 10-year-old boy, and I am considered overweight," Daniel J. Lewis of Rye, New York, wrote in a letter to The New York Times. "My father showed me

your story about the American Academy of Pediatrics official who warned of a generation of fat children, mostly blaming television watching."

Daniel recommended "an invention so that parents could hook up an exercise bicycle to the television set, and the child would have to ride three miles (4.8 kilometers) to turn the television on, and keep up a minimum speed of 10 miles an hour to keep the television going."

"Or, before the program comes on, the child could ride as much time as the program takes and store the electricity in an attached storage battery."

— ARTHUR HIGBEE

U.S. News Groups Back Appeal in Espionage Case

By George Lardner Jr.

Washington Post Service

RICHMOND, Virginia — Backed by several news organizations, a former U.S. Navy intelligence analyst, Samuel Loring Morison, has asked a U.S. appeals court to overturn his 1985 espionage conviction for leaking classified spy satellite photographs to the press.

Mr. Morison's lawyer, Mark H. Lynch, maintained at a hearing Thursday that Congress never intended the espionage laws to be applied to the press and that his conviction, if sustained, would set a dangerous precedent and have a "chilling" effect on the exercise of press freedoms.

But U.S. Attorney Breckinridge Wilcox of Baltimore, where Mr.

Morison was convicted, portrayed him as a "venal" man who "stole photographs belonging to the government" to curry favor with a British magazine where he wanted a job and then, when he was caught, tried to wrap himself in the First Amendment.

In a 49-page legal document, the news organizations said that no one had ever been convicted of a crime for disclosing information to the press or the public.

Since Mr. Morison was convicted of theft as well as espionage, they argued, "the simple receipt of 'nonpublic' documents may expose the press to prosecution . . . whether those documents relate to the national security or to the national parks."

Mr. Wilcox assured the appeals court Thursday that "the government would be very, very loath" to apply the espionage and theft laws to the press.

He was sentenced to two years in prison for sending Jane's Defense Weekly three secret U.S. spy satellite photos of the Soviet Navy's first nuclear-powered aircraft carrier, under construction at a Black Sea shipyard.

The military magazine, an offshoot of Jane's Publishing Co., for which Mr. Morison worked part-time as a U.S. editor, published the photographs in the August 1984 edition with an article concluding that work had been speeded up on the 75,000-ton carrier.

The plan envisions a series of job office consolidations, reduced operations and other cost-cutting measures. It will eliminate slightly more than 200 positions overseas, but most of the cuts will affect the department's headquarters.

U.S. Is Set to Cut 8% of State Dept. Jobs

By John M. Goshko

Washington Post Service

WASHINGTON — The State Department, struggling to cope with severe budget restrictions, is preparing the biggest round of job cuts in the department's modern history. About 1,270 jobs, or 8 percent of its 15,800 Foreign Service and Civil Service positions, will be eliminated.

Senior department officials said Thursday that the proposed cuts probably will require the department to ask Congress for legislation permitting incentives for early retirement and a follow-up "reduction in force," since neither is permitted by the Foreign Service Act of 1980.

That act has already forced hundreds of U.S. diplomats to retire in their late 40s and early 50s, but without incentives.

The officials said the cuts will have what one called "a devastating effect" on morale and will severely impede the department's performance.

The sources charged that the cuts had been planned in secrecy without consulting the various bureaus of the department and, as a result, reflect what one called "a numbers-crunching approach" that concentrates on eliminating people rather than expenditures for things such as buildings and equipment that could have been deferred.

In particular, the sources said, many senior officials believe the department should have postponed plans for a new Foreign Service Institute campus in Virginia, for embassy building projects overseas and for the extension of its computer operations.

The department plans to close two small African embassies, in Equatorial Guinea and the Comoros Islands, and 13 consulates.

The consulates tentatively slated for closure are in Bordeaux; Porto Alegre, Brazil; Brisbane, Australia; Auckland, New Zealand; Oran, Algeria; Oporto, Portugal; Edinburgh; Quebec; Zurich; Antwerp, Belgium; Adana, Turkey; Surabaya, Indonesia; and Kaduna, Nigeria.

The cuts are outlined in a reorganization plan prepared under the guidance of Deputy Secretary of State John C. Whitehead. The Washington Post has obtained a copy of the plan, which was supposed to be in final form by Saturday to deal with an anticipated \$84 million shortfall in congressional appropriations for the State Department during the 1988 fiscal year.

The plan envisions a series of job office consolidations, reduced operations and other cost-cutting measures. It will eliminate slightly more than 200 positions overseas, but most of the cuts will affect the department's headquarters.

Although both Foreign Service and Civil Service personnel will be affected, the cuts will fall most heavily on the Foreign Service.

In one instance, 55 jobs will be eliminated by merging the department's Bureau of International Communications Policy into the Bureau of Oceans and International Environmental and Scientific Affairs.

Other bureaus that deal with public information, personnel, congressional relations, economic and political-military affairs will face severe personnel cuts, in some cases by as much as 25 percent.

Other cuts will eliminate the Latin American bureau's public diplomacy office, which has been controversial because of its role in promoting the cause of the Nicaraguan contras, eliminate the staff of the ambassador to the Organization of American States, and reduce the policy planning staff.

The plan emphasizes eliminating "duplicate activities" by cutting officials from bureaus that deal on a regional basis with subjects such

as economics and political-military affairs.

Other measures expected to affect morale include eliminating "superior performance pay" for members of the Senior Foreign Service, abolishing the 10 percent pay differential for "hardship posts," ending incentive pay for officers who achieve proficiency in critically needed difficult languages and restructuring the Foreign Service health insurance program so that officers assigned abroad will have to pay higher premiums for reduced hospitalization coverage.

Senate Approves Legislation to Limit Use of Diplomatic Immunity in U.S.

By Helen Dewar

Washington Post Service

WASHINGTON — The Senate has approved legislation aimed at deterring foreign diplomats and their families from using diplomatic immunity to escape prosecution for serious crimes committed in the United States.

While stopping short of denying immunity, the measure would limit its use and thereby ease friction in cities such as Washington and New York, where immunity has been invoked to block prosecution for crimes ranging from parking violations to rape.

One provision would require a country's foreign minister to make a specific request for immunity in cases involving crimes of violence, drunken driving or other serious offenses. Immunity is now assumed automatically.

In addition, if a U.S. law enforcement body wanted to prosecute a diplomat, the secretary of state would have to request that a foreign government waive immunity for the accused person.

If the foreign government did not waive immunity, the United States would expel the individual as persons non grata. Anyone who left the country in this way would be barred from re-entry.

The proposal, advanced Thursday by Senator Jesse Helms, Republican of North Carolina, with support of senior Democrats on the Senate Foreign Relations Committee, is a modified version of a measure he proposed earlier that would have excluded all but a few top diplomatic and consular officials from immunity protection.

While it is considered unlikely to fully either the State Department or local prosecutors, it could have a "significant deterrent and remedial impact without violating established principles of diplomatic immunity," said a spokesman for the Foreign Relations Committee.

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It was approved by voice vote as part of the State Department authorization bill for the 1988 fiscal year. The bill was amended Thursday to require the Soviet Union to relocate its new embassy complex in Washington from Mount Alto to a site at a lower elevation that would be less well-suited for electronic surveillance.

The embassy provisions, which include a demand for renegotiation of the U.S.-Soviet treaty under which both countries are building new embassies in each other's capitals, were approved previously as part of a defense authorization bill that has been threatened with a presidential veto.

The \$3.6 billion State Department bill is considered more likely to be signed into law.

In other actions, the Senate:

- Ordered the government to close the New York as well as the Washington office of the Palestine Liberation Organization. The State Department recently ordered the PLO to close its Washington office, but its New York office is still open.

'Spycatcher' Book Is an Irish Sellout

Reuters

DUBLIN — The book "Spycatcher" that the British government has sought to ban went on sale in Ireland on Friday with distributor saying that orders had already exceeded its first printing run of 5,000 copies.

The Eason and Son, Ireland's biggest book distribution company, was appointed by the publishers, Heinemann, Australia, to sell the memoirs of Peter Wright, a former member of British counter-intelligence.

"We are not expecting any legal problems," a spokesman for Eason said on Irish radio.

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captured highlights of the year's far-flung global Centennial celebrations, concluding with a videotaped tribute from U.S. President Ronald Reagan

Guests included most members of the paper's Paris staff, many representatives from its offices around the world, and former employees going back more than 50 years. The paper's Centennial sponsors and advertisers were there, as were printers, distributors, suppliers, journalists, colleagues and other friends and neighbors "from Paris and from our global neighborhood." All were welcomed by Huebner to what he called "a family birthday party."

Concluded Huebner: "Across the decades and across the continents, we come



Clockwise: R. Batsch; Medea, N. Jokinen, AP

home to Paris tonight to celebrate together our first 100 years."

Several French government officials, including Prime Minister Jacques Chirac, Defense Minister André Giraud and Interior Minister Charles Ptasinski were in attendance. Former West German Chancellor Helmut Schmidt was present, as were actress Leslie Caron, director Louis Malle, Ethel Kennedy, Jean Kennedy Smith and French radio personality Claude Carrère, along with a host of media executives and prominent journalists from several countries.

Luminaries with ties to the paper's early years were honored guests at the gathering. Leonie Mitchell, daughter of longtime Bennett associate Percy Mitchell, joined the party, as did Freddie Hawkins, son of Eric Hawkins, the paper's managing editor for 36 years. Also there was Patricia Petrie, the daughter of Bennett's only nephew; she is the wife of the current British ambassador to Belgium. Former publishers Sylvan Barnet and Willet Weeks were introduced, as well as former chief editors B.J. Cutler, Mort Rosenblum and Philip Foisie.

As guests arrived, they were saluted boisterously by *La Batterie Fanfare de la Musique des Gardiens de la Paix de Paris*, aligned beside a long red carpet leading across the Trocadero plaza toward the party. In keeping with the evening's Paris-American theme, French singer Line Renaud performed "The Star-Spangled Banner," while American Dee Dee Bridgewater sang "La Marseillaise" and joined with the Michael Zwerin Group to entertain through the night at the dance following the dinner. Associate Publisher Richard H. Morgan was the evening's master of ceremonies.

The week-long pre-gala engineering and lighting prodigies were overseen by Paris Regisseur Jean-Jacques Guillaumat. The fireworks were provided by Etienne Lacroix; the tent by Bernard and Daniel Jaulin. Catering was by Michel Lenoue. Elisabeth Hopkins and Bruce Singer supervised Centennial Week arrangements for the IHT.

Guests dined on *foie gras de canard*, lamb cutlets cooked in pastry, spinach mousse, white and pink champagnes from Charles Heidsieck, Baron de Rothschild claret. And, of course, birthday cake in that flavor so favored by the French and Americans, too — chocolate.

This is the 5th in a series of messages about the IHT which will appear throughout the Centennial year.

NOTES ON A CENTURY

The IHT Centennial Gala

By Wendy Mallinson

Sixteen hundred guests toasted the 100th anniversary of the International Herald Tribune in a sparkling cloud of vintage champagne, high nostalgia and even higher spirits last Saturday night at a rollicking birthday party at the Palais de Chaillot in Trocadero, just across the Seine from the Eiffel Tower.

The setting was exceptional, even for Paris. A specially constructed transparent tent — a week in the making, and the largest ever built on that site — afforded revelers a panoramic view of the starry night, the Parisian skyline and — as the evening bubbled on — some spectacular surprises.

The historical significance of the event was not lost on the evening's featured speaker. Said Art Buchwald, tongue firmly in cheek. "The speech I am about to give was written 100 years ago in Paris by James Gordon Bennett and was delivered last week in New Jersey by Senator Joseph Biden."

Buchwald recalled his 14 years of "salad days," starting in 1949, as the paper's practically self-appointed nightclubs reporter. Just how did he land "the cushiest spot on the Herald Tribune?" "I got my job in the tradition of all Herald Tribune personnel," said Buchwald. "I was the one who ate his moveable feast."

There was no shortage of personalities to brighten Buchwald's Paris beat: Elizabeth Taylor ("my fondest memory is playing for her in the Rome Olympics when the Italians tried to pinch her from the rear"); Ernest Hemingway ("he never found out about it, but I was the one who ate his moveable feast"), and the royal

family of Monaco ("the Grimaldis and the Buchwalds had been feuding for the last 300 years," so he was sure he would be barred from the wedding of Grace Kelly to Prince Rainier).

"The thing that makes this such a special evening," Buchwald concluded, "is that this lovely newspaper has in one way or another touched everyone in this room. The future of this newspaper has been in doubt from the first day. It survived because it has always had people who cared very, very much for the paper."

"We celebrate the 100 years the Tribune was and we dream of the 100 years that it will be."

IHT Publisher Lee W. Huebner noted that the evening's festivities fell on exactly the same night, 100 years before, that Bennett launched the Paris Herald. "Tonight," said Huebner, "we have the rare opportunity to stand between two centuries."

This year is also the 20th anniversary of the three-way merger that created the paper's present ownership. Honoring this partnership, Huebner invited Walter N. Thayer (chairman of the Whitney Communications Corp. and president of the IHT's board of directors), Katherine Graham (chairman of The Washington Post Co.) and Arthur Sulzberger (chairman of The New York Times Co.), as well as Buchwald and Executive Editor John Vinocur, to help blow out the first 99 candles on the Tribune's birthday cake.

Where was the 100th?

ARTS / LEISURE

How Lacroix's Fallout Hit Milan Designers

By Nina Hyde
Washington Post Service

MILAN — A fashion consultant from Paris, Pat McColl, spotted Christian Lacroix at the Moschino show at the fairgrounds Tuesday afternoon.

"Do you know how many things you have spawned in the Italian collections?" she asked the designer.

"I don't know that I can really feed them all," Lacroix answered modestly.

The Moschino show was one of the few things in Milan largely untouched by this Paris designer's fling with fantasy dresses. But when the next morning found him in the front row of the Genny show, his influence — the big flowered prints, the pouf silhouettes — must have been clear. "Some are calling it the Chernobyl effect," says La-

croix assistant Jean-Jacques Picart. "After us, the fallout."

"For sure, Lacroix has shown us that we can put a little fantasy even into sportswear," said Aldo Pinto, husband and business partner of Maruccia Mandelli of Kruza.

Of course, a whole season doesn't spin off from one collection or one designer, and clearly Emanuel Ungaro in Paris, with his tightly draped torsos and bold print combinations, and Vivienne Westwood, with her crinolines, have had their influence on many, including maybe even Lacroix.

The ready-to-wear collections in Milan had several recurring themes that will influence the way women will dress by next spring. Among the directions coming from these shows:

• Sheer fabrics, like printed chiffon, made to flutter in skirts under contrasting jackets at Genny and

elsewhere. Suede is so light it was almost sheer at Mario Valentino, and sheer scarfs trailed from the waist at Ferri.

• Prints were often huge flowers or quite the opposite, tiny Provencal florals. The shoes and bag of printed fabric were part of the Fendi and Genny collections. Turtlenecks, which are popular with kids on the street, particularly in Paris, showed up in several places, including Fendi and Armani.

• Bareness, always around in spring collections, appeared with cropped sweaters at Romeo Gigli and strapless-bra tops in many of the shows, sometimes replacing a blouse or shirt under a suit.

• Pants, put aside for a while, returned in force, perhaps as an alternative to the new short skirt. For Romeo Gigli, "pants are a way to get women out of poufy skirts," he says. He cut his pants narrow and not full length, and paired them with matching slim jackets to revive the old pantsuit in a new way. Versace, too, did pantsuits, including pants with one leg.

• The cuffed, off-the-shoulder top, a theme last spring with just a few designers, reappeared often for spring, though strapless is still more popular.

• Stretch gave a more conforming fit to denim at Byblos and Giorgio Armani. Gigli used stretch fabrics, he says, because "I don't like complicated cuts," and stretch lets him keep things simple but fitted to the body.

• Colors returned in a mix of rich or soft pastel shades like mango and melon. Armani and Mario Valentino are color artists. On either palettes, bright tones appeared along with brown and white, lots of navy. (Kruza used no black, only navy, throughout the collection.)

• Short skirts with shape and tailoring followed the path blazed by Gianni Versace last season. Some were straight skirts but most moved with soft edges, tiers and pleats.

• Shorter jackets provided a welcome alternative to the currently popular long double-breasted style. No wonder: the shorter jacket better shows off the greater variety of skirts. Gianfranco Ferré did the shortest boleros, cut higher in the

skirt, whether in silk or cashmere, are being made in two lengths, 20 and 24 inches, measured from the waistband to the hem. The shorter length stops a few inches above the knees on most women, Louthan explained, and the longer skirt just covers the knee.

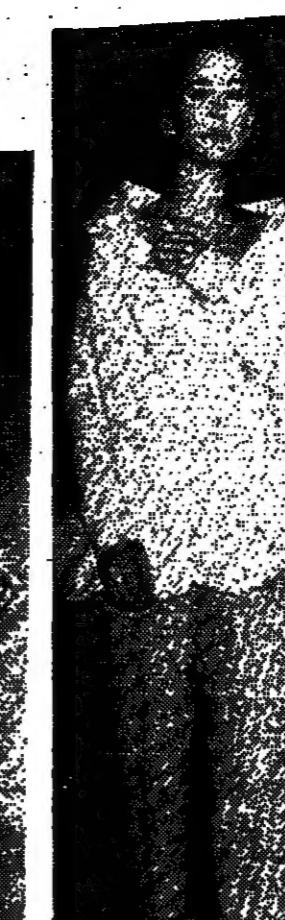
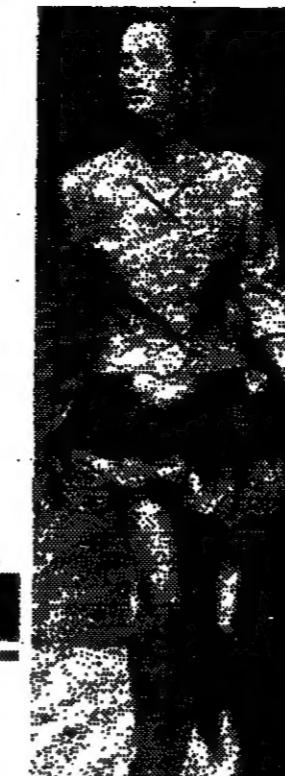
Most of the skirts are straight and narrow, but some are rounded and draped in the front. Combined with a matching cap-sleeve top, the draped skirts look like a soft one-piece dress. Other styles, like a long tunic in broad taupes and white stripes, have a more casual feel.

"Everybody treats cashmere much too seriously," the designer observed. "The metal snaps, which you see on work clothes, cut that seriousness."

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Merging Cashmere, Silk

By Bernadine Morris
New York Times Service

NEW YORK — Valerie Louthan, Scotland's most prestigious designer of cashmere sweaters, has added silk knits to her repertoire for next spring. Uncertainty about the availability of sufficient quantities of cashmere yarn encouraged her to work with silk, Louthan explained.

"Most of the world's cashmere supply comes from China, and the government has recently decentralized its selling operation," she said. "Many of the Scottish spinners have had trouble ordering the amount of yarn they need. I'm worried about a shortage for next fall."

She decided to work with silk in order to stay in business. Her first collection, for next spring, has been so well accepted that Louthan plans to continue with silk, even if the problem with cashmere supply abates. She is also experimenting with various cashmere and silk combinations to stretch the cashmere supply she still has on hand.

Among the more popular styles is a navy and white-striped turtleneck top that is being ordered by many stores with a white silk knit skirt and a navy cashmere jacket.

Skirts, whether in silk or cashmere, are being made in two lengths, 20 and 24 inches, measured from the waistband to the hem. The shorter length stops a few inches above the knees on most women, Louthan explained, and the longer skirt just covers the knee.

Most of the skirts are straight and narrow, but some are rounded and draped in the front. Combined with a matching cap-sleeve top, the draped skirts look like a soft one-piece dress. Other styles, like a long tunic in broad taupes and white stripes, have a more casual feel.

"Everybody treats cashmere much too seriously," the designer observed. "The metal snaps, which you see on work clothes, cut that seriousness."

back than in the front. Gigli, too, used the bolero and the shrug, and Krizia liked the bolero as well.

At Armani, where some of the best jackets for men and women have been masterminded over the years, the changes were in more than length. In his spring collection for women the armhole of the jacket was smaller, the sleeves narrow, and the shoulders padded in a natural way.

Armani showed both long and short jackets without linings and in very soft fabrics, almost like sweaters. The real winners are likely to be those with very narrow lapels. He made several jackets with elbow-length sleeves, shown with blouse sleeves poking from them.

• Shorter jackets provided a welcome alternative to the currently popular long double-breasted style. No wonder: the shorter jacket better shows off the greater variety of skirts. Gianfranco Ferré did the shortest boleros, cut higher in the

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above the knee by a couple of inches.

Armani used stretch fabrics, he says, because "I don't like complicated cuts," and stretch lets him keep things simple but fitted to the body.

• Colors returned in a mix of rich or soft pastel shades like mango and melon. Armani and Mario Valentino are color artists. On either palettes, bright tones appeared along with brown and white, lots of navy. (Kruza used no black, only navy, throughout the collection.)

• Short skirts with shape and tailoring followed the path blazed by Gianni Versace last season. Some were straight skirts but most moved with soft edges, tiers and pleats.

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There's no such thing as a simple straight skirt in Armani's collection. "People already have those," he says. And so he has put lettuce edges on some, and made others that are shorter in the front than they are in the back. For the evening, Armani played with a gypsy theme. Models' heads were wrapped in scarfs, and they wore heavy-bead necklaces and long layered chiffon skirts. More suc-

cessful were his skirts worn with tightly smocked printed silk tops.

One trend that has surfaced for spring, despite shorter skirts and jackets and in lighter fabrics, is a price increase.

"It can't be helped," insisted Pinto at Krizia. "Last year we could hold the prices with a smaller markup. But the cost of fabric has gone up 4 percent and the inflation is up 5 percent. So we are asking 10 percent more for spring."

One young design house has

alternatives to the mini: Ferri's pants and (right) Gigli's. "Pants are a way to get women out of poufy skirts," he said. "found an alternative to higher jackets, skirts are laced through with drawstrings to change their shape; sweaters turn into halter tops. And some jackets can be worn front to back."

jersey tops convert to bolero

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ARTS / LEISURE

Inconsistent Quality in Sale of Far Eastern Art

International Herald Tribune

PARIS — However much the pressure of international competition may grow, national habits do not die out. They came out strongly in a fascinating sale of Far Eastern art conducted Wednesday at the Hôtel Drouot by Eric Buffaud.

Unlike many of the daily auctions in Paris, this was a specialist sale — by French standards, that is. The theme was broadly geographic, combining, in the main, Chinese and Japanese art. No less than

SOUREN MELIKIAN

three experts sat at a table by the auctioneer's podium. One of them, Michel Beurdeley, now in his mid-70s, with over 50 years on the job as dealer and later as an auction house expert, is known to the world over to collectors of Chinese art. He has written several books. The rest, written in collaboration with his assistant Guy Raindro, who was also there, deals with Chinese porcelain of the Qing dynasty (1644-1911).

To someone used to Sotheby's and Christie's sophisticated operations, the first striking feature was the heterogeneous nature of the goods, very thinly disguised by the tag of a blanket denomination "Objet d'art d'Extrême Orient." The sale was not aimed at one or two categories of buyers, but at a whole range of categories. Those interested in getting a set of eight 17th century porcelain plates

of no special merit to lay on their dinner table are not exactly the same as those who might be looking for an 11th or 12th century wood carving from Japan. Neither would be likely to take much interest in excavated bronzes from ancient China of which there were four, nor in cloisonné enamels of the 16th and 17th century — represented by five lots.

Last but not least, the second part of the sale, which included 116 lots of Japanese lacquerware, mostly medicine boxes called inro, appealed to yet another type of buyer. Homeopathic doses are not advisable in the art market when one hopes to attract buyers from faraway countries. And the irony that day was that Japan and the United States were prime targets for some of the best items in the sale.

Buffaud, one of the cleverest and most dynamic Drouot auctioneers, is certainly not unaware of the position of the market, and Beurdeley, attuned as he is to the international trade, even less so. But experts have little say in the makeup of a sale and Buffaud, an individual used to doing his own thing, would find it impossible to pool resources — starting with objects for sale — with any of the other leading auctioneering partnerships.

This results in yet another major handicap in Paris specialist sales — the inconsistent level of quality within a given category. In a market characterized by the scarcity of supplies, no auctioneer can hope to



Japanese warrior.

find enough pieces of one kind to afford to weed out inferior items. The discrepancy in quality is made a shade worse by cataloguing practice. As auctioneers often give in to the wishes of their clients when it comes to reproducing items you may find, as on Wednesday, a worthless lot of nine run-of-the-mill plates of the 18th century — sold for 5,649 francs (under \$1,000) — illustrated in a large-size photographic plate, while a highly important inro bought for 84,861 francs by Spink of London was jammed into a single color plate where even a

practiced eye fails to make out details.

As every experienced collector knows, you cannot guess what you will find in most French sales merely by studying the catalogue. You must come and see the items. To do that, you have one day before the sale, and to handle them, one hour, from 11 to noon on the morning of the sale in appalling lighting. In this case, "the main objects" could be seen "by appointment only" on the experts' premises some time before.

Such a system, which transforms preliminary access to the objects into a hurdle race, does not make it any easier to conduct a successful sale. That Wednesday's session should have gone as well as it did speaks for the skills of Buffaud and Beurdeley — and the latter's worldwide network of trade connections and acquaintances.

The archaic bronzes were well received. A Shang tripod vessel (so-called "ding") of the 12th century B.C. was snapped up by the Brussels dealer Gisèle Croës for 97,088 francs, despite a repaired break on one foot — Japanese restorers know how to set this straight in such a way that only X-raying will reveal the repair and there are chemical baths that can pep up a patina such as this one and make it glow. Giuseppe Estenazzi of London bought, via a Paris agent, a wonderful chariot ritual of what was once a seated Buddha is missing both arms. Its crossed legs have been sawn off. Its nose is smashed, its drapery damaged by worm gal-

eries. Unsold in Japan or the United States, its potential market is confined to Europeans with a penchant for literary considerations on Zen Buddhism. Gisèle Croës put up a brave fight for it against Spink of London. She would have carried the prize on a 170,000 franc bid — 190,454 francs with the full commission — had the Ministry of Culture not stepped in to buy it, as it is entitled to by law, presumably for the Musée Guimet in Paris. They paid 178,553.90 francs, a good deal more than the price it would probably fetch in London or New York.

Sculpture varied a bit more. Early in the sale a fragmentary terracotta bust of a warrior from sixth century Japan did fairly well at 47,069 francs, paid by the Croës gallery. But three Chinese pieces that raised doubts in the minds of some connoisseurs were left stranded. A low relief ascribed to the Song period projects a Baby Doll vision of Buddhist art with its merry chubby little fellows featuring the Buddha and his attendants. It was bought in at 18,000 francs (21,048 with the sales charge). A wood carving of Guanyin, said to be early Yuan — late 14th century — and to have undergone "some early restoration work" failed to convince and was bought in at 90,000 francs and an odd-looking box relief with a soap feel to it fell flat at 17,000 francs.

The auctioneer and his expert got away by the skin of their teeth with a clumsy stele of the Buddha and two bodhisattvas that they sold to the seventh century. It sold for 90,419 francs on a single bid from a Paris dealer.

The star piece illustrated on the catalogue cover could easily have run into trouble but instead it made a hit. The 11th or 12th century wood carving from Japan of what was once a seated Buddha is missing both arms. Its crossed legs have been sawn off. Its nose is smashed, its drapery damaged by worm gal-



Damaged Japanese Buddha, 11th or 12th century.

logue says nothing about dates.

The price, 77,081 francs, is easily one-third below the London auction price, according to the dealer who adds that the same is true of all the lots. By contrast, the more common types, in the 5,000 to 10,000 franc range, fetched substantially more than they would in London where there are no small collectors. Sales commission aside, the vendor may have risked in pretty much the same amount of money she might have in London when it is all added up. But the real winners that day, as usual at the better Paris sales, were a handful of international dealers.

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'Utopia vs. Reality' in São Paulo Biennal

By Michael Gibson

International Herald Tribune

SAO PAULO — "Utopia vs. Reality," the theme of this year's São Paulo Biennal exhibition, is an intriguing subject, but a survey of the show, which runs through Dec. 13, suggests that the very idea of presenting a thematic content for venues as large and ambitious as this may be well and truly utopian. This does not mean it is unrealistic, only that it serves more to focus public attention on certain aspects of the show than to direct the actual activity of the artists.

Indeed, most of the 300 artists

appear to have sent in the sort of work they had been doing in the last without making even the most tenuous subject to refer to the sensible subject of the show, among the currently successful artists doing this one might cite Jean-Michel Alberola from France, Luciano Castelli from Switzerland, José María Sicilia from Spain. Some of them might conceivably argue that reality and utopia are bound, one way or another, to the underlying reference of whatever they do.

Curators, on the other hand, might have been tempted to choose works that illustrated the point, but has not been the case overall, artfully because selection is delegated in part, as in Venice, to national commissioners who are not motivated to serve the general concept of the exhibition. As a result, a need of cheerful anarchy prevails, occasionally lit by poetic visions but quite unexpectedly get to the heart of the matter.

This is the case of some of the Brazilian contributions, who attempt to focus on the country's peculiar identity. An unassuming and irresistible display of photos

by Ana Mariana devoted to frontal views of the facades of modest homes in northeastern Brazil is a good example. Houses, it would seem, are ideal utopian figures (any good utopia is bound to be "home"), and the idea of presenting these delightful facades, conceived by the local people for their own enjoyment, in a powerful city like São Paulo, which is plagued with poverty and scarred with raw concrete freeway overpasses and brutal industrial structures that dwarf the individual, might well be perceived as a form of critical confrontation.

As for the heart of the matter, it is perhaps best expressed in a citation selected by Sheila Leirner, the Biennal curator, from the writings of Jean-François Lyotard, one of the more conspicuous French theoreticians of post-modernism: "Here is a course of action: Accelerate decadence. Adopt the perspective of active nihilism, exceed the mere recognition of the destruction of all values. Push decadence further and accept, for instance, destroying the belief in truth in all its forms."

All this amounts to a cool variant of Götterdämmerung and is something from which Leirner, with her discreet interrogation, would no doubt like to see present-day art emerge. For many artists today, without awaiting instructions from Lyotard, have been devoting their energies to ascertaining painful existences in meaninglessness.

Twenty years ago this sort of thing was less apparent because it was still concealed behind the jargon of art theory. Today artists themselves will acknowledge that they reflect the collapse of values and the distressing realization that life is "without meaning," that there can be no utopia.

Canada has sent in a very mixed

bag of artists, many of whom appear to be bent on building the largest possible environment on the possible possible pretext.

But one of the most striking pieces at the Biennal is a masterpiece by the local sculptor who has devoted most of his work to portraying the women of an island off the coast of his adopted country. Some, like the tall figure of a nude woman leaning back against a hammock, have an impressive aura, but Zitman is also himself a humorous vision that is bizarre but full of charm.

Some Latin-American contributions are obviously inspired by Catholic, African or Indian ritual. Thus artistic chapels of sorts have cropped up in various parts of the

big building. One of these, an environment by two Brazilian artists, Rogério Nazari and Telmo Lanes, is bound to be a star of this event. His work has been variously interpreted, which is perhaps the sign of true value, and one may read into one or another of these enigmatic, thickly impasted paintings some utopian notions that would fit quite neatly into the program — the notion, for instance, suggested by one such work, that the utopian Milky Way is both in the sky and in the puddle, both infinitely distant, and imminently hand.

The Holocaust, the gulag, the vanishing persons of Argentina, the victims of Pol Pot in Cambodia come to mind and appear to be commemorated in this shrine in which two stone plaques present the visitor with a low key statement by Hannah Arendt: "The radicalism of measures to treat people as if they had never existed and to make them disappear is frequently not apparent at first glance."

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Thatcher Outlines Assault On Policies of Welfare State

By Howell Raines
New York Times Service

BLACKPOOL, England — Prime Minister Margaret Thatcher outlined the grand design of her third term Friday, saying she would extend the principles that guided Britain's economic recovery to the "more challenging ground" of social policy.

Mrs. Thatcher told a cheering audience that "free enterprise and competition" had led to a "national revival" since she took office in 1979. Now, she said, the Conservative Party must attack the bastions of Labor power by dismantling "municipal socialism" and other welfare-state policies.

Since the Conservatives' annual conference opened Tuesday, cabinet members have outlined proposed changes in education, health care, public housing, tax policy and other areas. Friday, in a 47-minute address, the prime minister summed up the ideological aims of this legislative assault on Britain's 40-year tradition of welfareism.

"We will free tenants from their dependence on council landlords," she said. "We will free parents to choose the schools they want for their children."

She also defended her unpopular plan to replace property taxes, which are based by local councils on property values and ability to

pay, with uniform flat-rate taxes for individuals and businesses. With fixed taxes, Mrs. Thatcher said, "Socialist councils will no longer be able to drive out small businesses and destroy employment by imposing sky-high rates."

As described by Mrs. Thatcher and others at the conference, the main points of her program are:

- The replacement of the progressive property tax with the community charge, or flat-rate "poll tax" that would apply to millions of low-income people now exempt from property and income taxes.

- Education laws to allow local schools to opt out of control by local governments, which tend to be dominated by Labor.

- Changes in housing laws designed to open the rental market to private landlords and broaden home ownership from 62 percent to 75 percent of British households.

- An increase in the number of commercial television channels and establishment of a Broadcasting Standards Council to monitor sex and violence on television.

- Increased privatization of the National Health Service and stricter standards for welfare payments.

- As a prod to her cabinet and a warning to Tory moderates who have cold feet about the sweeping nature of these changes, Mrs. Thatcher is personally leading the

task forces developing legislation on education, broadcasting and taxes. Even so, she faces the threat of political backlash.

The poll tax is widely regarded as regressive, raising taxes for poor families while providing reductions for owners of expensive homes. Critics say the broadcasting plan smacks of censorship.

Most of the proposals will increase the powers of the prime minister at the expense of local government, and in that sense they are seen as a coldly political plan for demolishing the base of the Labor Party.

International relations were a secondary concern at the Tory conference, but the closing session produced an illustration of the decline of President Ronald Reagan's political prestige in Conservative estimates.

George Younger, the defense secretary, introduced Mrs. Thatcher as "without doubt the outstanding leader in the Western world."

As always, Mrs. Thatcher praised Mr. Reagan, saying a superpower agreement on medium-range nuclear missiles would be a success for Mr. Reagan.

She warned, however, that the United States and Soviet Union should not plunge ahead with further agreements that would produce a "nuclear-free Europe."



Margaret Thatcher after her speech at Blackpool on Friday.

EUROPE: Focus on Tactical Arms

(Continued from Page 1)
weapons that could back the alliance's deterrence strategy, particularly if forward-based aircraft were included.

France and Britain fear that the momentum of new arms accords would increase pressure to curtail their national nuclear strike forces.

"Our position is very clear," a French official said. "We do not want to get into a negotiation that ends up with the denuclearization of Europe. We shouldn't forget either that the East's tactical systems are not just aimed at West German shepherds but at allied forces in Germany, including those of France."

In the French and British view, the condition of Mr. Kohl's Christian Democratic Party, which has been drubbed in a series of state elections, has given the initiative on arms control issues to Foreign Minister Hans-Dietrich Genscher.

Car Bomb Kills 27 In Kabul, Hurts 35

Agence France-Presse

ISLAMABAD, Pakistan — A car bomb in Kabul killed at least 27 people and wounded 35 late Thursday, Afghanistan's state-run radio said Friday in a broadcast monitored here.

The car exploded in the neighborhood of the governing Communist Party's headquarters, the radio said. There are also several government buildings and diplomatic residences in the area.

SCIENCE
IN THE NEWS THIS WEEK: ARIAL POLLUTION; RECENT DISCOVERIES IN SCIENCE AND MEDICINE

and his small Free Democratic Party.

Mr. Genscher is sometimes acidly portrayed, notably in Paris, as a short-sighted enthusiast, for any arms accord that will enhance his party's electoral fortunes.

In Bonn, a Foreign Ministry official said the West Germans wanted the battlefield systems "on the agenda."

"But we also know that if Gorbachev comes up with a third zero proposal, we will not accept it," he insisted, referring to Mikhail S. Gorbachev, the Soviet leader, and "zero options" for eliminating all arms in a particular category. "We want reductions, not elimination."

At a gathering of conservative West European leaders in West Berlin last month, Prime Minister Margaret Thatcher of Britain and Prime Minister Jacques Chirac of France pressed their view on Mr. Kohl that the next phase of arms negotiations should concentrate on reducing the Warsaw Pact's conventional superiority in Europe, officials said.

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But the chancellor reportedly reiterated his interest in seeking progress on the tactical nuclear systems.

The French and British have for the moment agreed to disagree with the West Germans on the meaning of a NATO foreign ministers' communiqué issued in Reykjavik in June that put the issue of "tangible and verifiable reductions" of battlefield missiles at the end of a list of arms control goals that included strategic systems, chemical weapons and conventional forces.

But the West Germans have insisted on regarding the four components as a package that could involve simultaneous, nonsequential, talks.

SCIENCE
IN THE NEWS THIS WEEK: ARIAL POLLUTION; RECENT DISCOVERIES IN SCIENCE AND MEDICINE

U.S. Complains to Bonn Over Iran Envoy's Past

ARMS: Hitch in Pact Seen

(Continued from Page 1)
ly discount, is that there is a misunderstanding over the compromise worked out in Washington.

Another possibility, officials say, is that Soviet arms negotiators may have been overzealous in interpreting their instructions from Moscow.

"It may be part of a bargaining strategy or the delegation may have overinterpreted their instructions from Moscow," an official said.

Although some U.S. officials have expressed optimism that a treaty will be completed before Mr. Shultz reaches Moscow, others disagree. One official said Thursday that he expected that the Moscow meeting would be devoted in part to working out the remaining issues.

The Pentagon on Friday denied an Iranian claim that its forces had shot down a U.S. helicopter and damaged a U.S. Navy ship.

"We have no warships damaged and we have no helicopter missing," said Lieutenant Commander Chris Baumann, a Pentagon spokesman.

In the incident that led to the attack on the gunboats, the U.S.

(Continued from Page 1)

the extent that it could be done, indicated that that had been "sunk," he said. "This morning we found the two totally disabled and took them in tow and have them under control. And we'll be examining them fairly closely."

The confrontation marked the first time Iranian military forces opened fire on a U.S. ship or aircraft. On Sept. 21, a U.S. helicopter gunship disabled the Iran Air, which later was scuttled by U.S. forces. That vessel was attacked after it was detected laying mines; it never fired at U.S. aircraft.

Mr. Weinberger denied assertions that Iran U.S. forces had fired first Thursday night, but he acknowledged that the United States could not prove that.

"We don't have the absolutely conclusive evidence that when men were seen pushing mines into the sea," he said, referring to mines found aboard the Iran Air and in nearby waters, and to testimony from crewmen.

In a separate incident, Mr. Weinberger said, another U.S. military helicopter flying in the southern Persian Gulf on Thursday reported gunshots being fired from an Iranian oil rig. In that case, however, he said it was unclear whether the Iranians were firing at the Americans, and the helicopter left the area without returning fire.

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(Continued from Page 1)

helicopter was on a routine patrol and did nothing provocative but suddenly found itself under fire from the small boats, according to a Pentagon spokesman, Fred S. Hoffman. The observation helicopter was called for help.

The spokesman said heavily armed helicopter gunships were flying nearby to protect the observation aircraft and immediately attacked the Iranian boats.

Mr. Weinberger said the Iranian patrol consisted of four boats, a 170-foot (52-meter) vessel he described as a corvette, a Swedish-built patrol boat about 42 feet long, and two smaller boats.

The corvette sped away when the shooting started, Mr. Weinberger said.

Mr. Hoffman said he did not believe there was any radio communication between the Iranian boats and the helicopters.

The U.S. helicopters fired machine guns and small rockets at the Iranian boat, he said.

Despite the chronology released by Mr. Hoffman, Pentagon sources said it was not clear whether two or three U.S. helicopters were involved in the attack.

The sources disclosed, however, that the gunships are Army Special Operations aircraft known as MH-6s, and that they were flying from a large barge leased by the navy and moored in the northern Gulf to support mine-sweeping operations.

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(Continued from Back Page)

INTERNATIONAL CLASSIFIED

CONTACTS WORLDWIDE

PRIVATE TO PRIVATE OR MUSEUM.

AGENZIA STAMPA

PRIVATE COLLECTOR WISHES TO BUY

PRIVATE COLLECTOR WANTS TO BUY

NYSE Most Actives						
Vol.	High	Low	Last	Chg.	Close	Chg.
Vority	41897	704	295	+15	704	+15
Telex	23512	713	692	+96	713	+96
Chase	26985	714	695	+15	714	+15
Texaco	25845	715	695	+15	715	+15
IBM	15124	715	695	+15	715	+15
Ford	16547	715	695	+15	715	+15
Motor	16547	715	695	+15	715	+15
Genentech	16537	715	695	+15	715	+15
Exxon	17945	715	695	+15	715	+15
Concen	17945	715	695	+15	715	+15
Limited	17945	715	695	+15	715	+15
AT&T	17945	715	695	+15	715	+15
Post-Tele	17945	715	695	+15	715	+15
Wal-Mart	13601	715	695	+15	715	+15

Market Sales

NYSE 4 p.m. volume						
NYSE prev. cons. close	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
AMex prev. cons. close	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000
OTC 4 p.m. volume	15,700,000	15,700,000	15,700,000	15,700,000	15,700,000	15,700,000
NYSE volume up	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000
NYSE volume down	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000
AMex volume up	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000
AMex volume down	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000
OTC volume down	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000	15,300,000

NYSE Index

High	Low	Close	Chg.
Composite	174.50	172.25	-2.15
Industrials	163.80	162.45	-1.35
Transport	143.80	143.25	-0.55
Utilities	131.50	130.25	-1.25
Finance	131.50	130.25	-1.25

Friday's
NYSE
Closing
Via The Associated Press

Odd-Lot Trading in N.Y.

Close	Prev.
Advanced	492
Declined	404
Unchanged	1112
Total Issues	1603
New Highs	202
New Lows	21

* Included in the totals figures

High	Low	Close	Chg.
Buy	222.00	490.20	+1.60
Sales	222.00	490.20	+1.60
Buy	246.10	541.20	+1.75
Sales	246.10	541.20	+1.75
Buy	241.20	491.50	+2.00
Sales	241.20	491.50	+2.00
Buy	259.20	493.50	+2.00
Sales	259.20	493.50	+2.00

Open	High	Low	Last	Chg.
Indus	2588.14	2581.64	2472.27	-24.40
Trans	1037.25	1045.97	1034.88	-1.00
UH	107.40	108.27	107.00	-1.35
Comp	924.00	924.00	914.00	-11.00

High	Low	Close	Chg.
Industrials	322.20	319.20	-2.00
Transport	322.20	319.20	-2.00
Utilities	312.00	311.00	-1.00
Finance	312.00	311.00	-1.00
Standard & Poor's Index	312.00	311.00	-1.00

High	Low	Close	Chg.
Advanced	125	125	-1
Declined	125	125	-1
Unchanged	125	125	-1
Total Issues	125	125	-1
New Highs	125	125	-1
New Lows	125	125	-1

High	Low	Close	Chg.
Advanced	125	125	-1
Declined	125	125	-1
Unchanged	125	125	-1
Total Issues	125	125	-1
New Highs	125	125	-1
New Lows	125	125	-1

High	Low	Close	Chg.
Advanced	125	125	-1
Declined	125	125	-1
Unchanged	125	125	-1
Total Issues	125	125	-1
New Highs	125	125	-1
New Lows	125	125	-1

High	Low	Close	Chg.
Advanced	125	125	-1
Declined	125	125	-1
Unchanged	125	125	-1
Total Issues	125	125	-1
New Highs	125	125	-1
New Lows	125	125	-1

High	Low	Close	Chg.
Advanced	125	125	-1
Declined	125	125	-1
Unchanged	125	125	-1
Total Issues	125	125	-1
New Highs	125	125	-1
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High	Low	Close	Chg.

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CURRENCY MARKETS

Dollar Limp Lower in Slow Trading

Compiled by Our Staff From Dispatchers
NEW YORK — The dollar fell today, closing at its weakest levels since the seven major industrial nations reaffirmed their commitment to stabilize the currency markets at month's end.

In slipping against other major currencies, the dollar continued a slide that began Tuesday and is seen on a worldwide trend toward higher lending rates.

In New York trading, the dollar fell to 143.65 Japanese yen from 144.40 yen on Thursday.

Against the Deutsche mark, the dollar ended at 1.8105, down from Thursday's close of 1.8155.

The dollar was also down against the French franc at 6.037, compared with 6.0483 Thursday and at 5.005 Swiss francs, off from 5.153.

In New York, the coincidence of long Columbus Day weekend and the end of a weekly Jewish holiday compounded the New York market's usual end-of-week thump. "It's like triple-sleeping out," one dealer commented.

Traders said the dollar was hurt by Treasury Secretary James A. Baker's statement that continued high interest rates may be necessary to fight inflation.

His remarks echoed recent statements by Alan Greenspan, chairman of the Federal Reserve Board.

Mr. Baker's comments referred to a Tuesday decision by the West German central bank to raise a key rate for repurchase agreements and Wednesday increase of the prime lending rate from 8.75 percent to 25 percent by major U.S. commercial banks.

Since Tuesday the rate increases have pushed the dollar lower.

William Orsini, a marketing manager with the Bank of Montreal, said the outlook for the dollar "for the rest of the year is negative. The fundamentals are bad."

London Dollar Rates

Closing
Deutsche mark 1.8155 1.8220
Pound sterling 1.6515 1.6400
Swiss franc 1.4397 1.4495
French franc 1.5095 1.5185
Source: Reuters

after 1,8230 Thursday and 1,8420 DM last Friday. Against the yen the dollar fell to 143.90 after 144.95 Thursday.

Sterling buyers were still shying away from the 3 DM level for fear of sparking heavy selling by the Bank of England, but the pound crept up against the dollar to 1.6540 from 1.6535 at Thursday's close.

In earlier European trading the dollar closed Friday in Zurich at 1,5095 Swiss francs against 1.52 (UPI, Reuters)

Argentina Devaluates

Argentina has devalued its currency, the austral, 11.5 percent against the dollar, dealers said Friday. Reuters reported from Buenos Aires, Argentina's central bank later confirmed that it fixed the value of the dollar at 3.1225 austral, after the previous level of 2.7635.

INVEST: Report of New Tax Depresses German Markets

(Continued from Page 1)

as 7 billion DM annually, the coalition sources said.

The tax will also affect foreign investors, the sources said, but investors whose countries have reciprocal tax agreements with West Germany would be able to reclaim the levy.

The implication of the new tax on Eurobonds denominated in marks, which are currently untaxed, was not clear.

The mark sector of the Eurobond market ended the day sharply lower, dealers in London said.

Eurobonds are debt securities sold outside a borrower's country to raise capital in any of several currencies.

On West German stock markets,

prices plunged. The Commerzbank index of 60 leading shares, calculated at mid-session, dropped 43.4 points, or 2.19 percent, to 1,936.6.

"We are shocked," one dealer said. Another said of the planned tax changes, "It's a retreat into the Stone Age."

Bond prices also slumped after the news, shedding between 3/4 and 1 point. In London, prices of mark-denominated bonds were off an estimated 1 to 1 1/4 points.

One dealer said that stock sales by foreign investors on Friday were "relatively small."

"But if foreigners start to sell in a big way," he said, "there is no bottom in sight."

On the stock market, the financial sector was hit hardest. Deut-

Poles to Expand Dollar Trading

Reuters

WARSAW — Private business in Poland, where trading in dollars is illegal, will soon be able to buy the U.S. currency at state auctions, Deputy Finance Minister Andrzej Dorosz was quoted on Friday as saying.

Mr. Dorosz told the government daily *Rzeczpospolita* that the aim was to make Poland's currency, the zloty, convertible.

Mr. Dorosz said businessmen would be able to buy dollars at a free-market rate. Some state enterprises have been allowed to buy dollars from export companies at a set rate. The average cost was reported to be more than twice the official dollar rate of 297 zlotys. The black market rate is about 980 zlotys.

German Money Growth Quickens, Raising Fears

But Private Economists Remain Calm

Reuters

FRANKFURT — West German money supply growth is accelerating, but private economists do not share Bundesbank and capital markets fears that inflation may get out of control if the brakes are not applied now.

"It would have been nice if the recent slowdown in money supply growth had persisted," said Dietmar Simmert, monetary economist at Commerzbank AG in Frankfurt, adding, "but I don't see any dark inflation clouds looming."

The Bundesbank's money stock grew at an annual rate of 7.8 percent in September, compared with 7.4 percent in July and August.

In absolute terms, this key gauge rose 1.9 billion Deutsche marks (\$1.04 billion) to 233.3 billion DM in September, topping the target ceiling of 232.4 billion DM for the fourth quarter of 1987.

Economists said these figures came as little surprise after the Bundesbank's disclosure on Tuesday that it was engineering a limited rise in short-term money market interest rates to forestall money supply and inflation fears.

At the time, the central bank's president, Karl Otto Pöhl, said that the Bundesbank "wants to gradually subdue the pace of monetary expansion to the extent that nobody need expect a deterioration of the price climate in Germany, including in the long term."

Mr. Pöhl said that if inflation fears were not nipped in the bud, capital market yields, which have soared recently, could go higher, which he deemed "undesirable."

Economists agreed that inflation must be kept at bay and calm

PROFITS: Up, but Not Enough

(Continued from first finance page)

Another comparison is revealing. After-tax profits of \$134 billion in 1987 may look good against the 1986 figure, but they are about \$10 billion less than net income in 1984, at the height of the current economic recovery. And they are considerably less than the \$169.2 billion in 1979, when U.S. businesses had a stronger hold on world markets.

The lower profit level today is a measure of the lost market share, which will be difficult to recover no matter how bullish investors might be.

Euro-Commercial Paper

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SPORTS

NFL Sides Talking But Still Blocked

By Michael Janofsky

New York Times Service

TYSONS CORNER, Virginia — For the first time in two weeks, the chief negotiators for National Football League owners and the striking players have discussed the concept of free agency at the bargaining table.

But like many other issues they discussed during a four-hour meeting Thursday at a hotel here, they found themselves still widely divided and far removed from a settlement that would end the 17-day-old strike.

The free-agency gulf was so wide, in fact, that union and management spokesmen could not even agree on characterizing the discussions.

Doug Allen, the assistant executive director of the union, said that the sides had reviewed "a number of possible scenarios to see if they could reach a middle ground."

John Jones, the Management Council spokesman, said the sides discussed compromises but only within the system of free agency each side had espoused.

The union wants a system in which a player, at some point, could move from one team to another, unbridled by compensation.

The owners are proposing a liberalized version of the existing system, in which the first team has first-refusal rights and compensation is awarded depending upon the free agent's new salary.

McEnroe Will Join NFL Pickets

United Press International

ATLANTA — John McEnroe told striking Atlanta Falcons that he would join them on the picket line Friday, a newspaper reported.

"I'm all for the players and I plan to go down to the picket line if they'll let me," said McEnroe, who is playing in the AT&T Challenge exhibition tennis tournament in Atlanta.

"I'd like to do it because what's happening is pretty bad," McEnroe said in an interview with The Atlanta Constitution. "If people really understood what was going on, they'd be behind the players."

"The problem in football is they've got people that are trying to do things that are illegal by law and not allow free agency," he said. "That's what America's all about. They (the NFL owners) are using a good public relations campaign where we had to sit through whatever it was Sunday. I didn't watch it."

"It's sad everything's so misrepresented and people are not on the players' side," said McEnroe, a former vice president of the Association of Tennis Professionals, the tennis players' union.

McEnroe, who rarely attended ATP meetings, said National Football League players once had a more liberalized form of free agency but "gave it back."

"That's not the fault of the players that they had one of the all-time worst negotiators," he said.

SCOREBOARD**Football****National Football League Standings**

AMERICAN CONFERENCE										
East		West		Central		W		L		
W	L	T	Pct.	Yds	Pass	Yds	Pass	Yds	Pass	
NY, Jets	2	2	0	0.400	16	96	17	97	25	14
Refshoff	1	2	0	0.333	48	108	10	52	22	12
Montana	1	2	0	0.333	52	125	10	52	22	12
Miami	1	2	0	0.333	64	124	11	53	23	13
New England	1	2	0	0.333	62	124	11	53	23	13
Cleveland	2	1	0	0.667	75	48	10	52	22	12
Houston	2	1	0	0.667	68	55	10	52	22	12
Pittsburgh	2	1	0	0.667	57	55	10	52	22	12
Cincinnati	1	2	0	0.333	55	58	10	52	22	12
S.A. Raiders	3	0	0	1.000	82	52	24			
San Diego	2	1	0	0.667	54	52	24			
Seattle	2	1	0	0.667	54	52	24			
Denver	1	1	0	0.500	57	74	11	53	23	13
Kansas City	1	2	0	0.333	51	91	11	53	23	13
NATIONAL CONFERENCE										
Dallas	2	1	0	0.667	67	42	42			
Washington	2	1	0	0.667	62	42	42			
Philadelphia	1	3	0	0.333	54	49	49			
S. L. O. Raiders	0	3	0	0.000	54	91	49			

Canadian Football League Leaders

TEAM OFFENSE									
Yds		Rush		Pass		Yds		TD	
Edmonton	343	186	456	10	10	10	10	10	10
Winnipeg	509	155	354	10	10	10	10	10	10
Hamilton	424	145	280	10	10	10	10	10	10
Calgary	491	156	327	10	10	10	10	10	10
Ottawa	436	98	334	10	10	10	10	10	10
Toronto	420	126	276	10	10	10	10	10	10
Montreal	407	117	324	10	10	10	10	10	10
Saskatchewan	276	128	287	10	10	10	10	10	10
TEAM DEFENSE									
Yds		Rush		Pass		Yds		TD	
BC	343	126	272	10	10	10	10	10	10
Hamilton	487	162	341	10	10	10	10	10	10
Winnipeg	473	130	334	10	10	10	10	10	10
Calgary	444	115	324	10	10	10	10	10	10
Ottawa	495	128	377	10	10	10	10	10	10
Toronto	507	130	384	10	10	10	10	10	10
Montreal	514	147	394	10	10	10	10	10	10
Saskatchewan	523	173	383	10	10	10	10	10	10
INDIVIDUAL									
Rushing		Passing		TD		Int.		TD	
Edmonton	287	120	24	9	9	11	11	11	11
Winnipeg	124	47	48	3	3	12	12	12	12
Calgary	126	54	42	12	12	12	12	12	12
Ottawa	125	49	27	1	1	12	12	12	12
Toronto	122	47	42	4	4	12	12	12	12
Montreal	125	47	42	4	4	12	12	12	12
Saskatchewan	122	47	42	4	4	12	12	12	12

Football**National Football League Standings**

W										L		T		Pct.	
AMERICAN CONFERENCE										1		1		0.500	
East										1		1		0.500	
West										1		1		0.500	
Central										1		1		0.500	
West										1		1		0.500	
West										1		1		0.500	

